

Minutes of the Meeting of the **FINANCE AND PERFORMANCE MANAGEMENT COMMITTEE** held at the Town Hall, Swanage on **FRIDAY, 13th JANUARY 2012** at 9.30 a.m.

PRESENT:- Councillor W.S. Trite (Town Mayor) – Chairman.

Councillor M.W. Pratt
Councillor M. Whitwam

Also in attendance:-

Mr H. Lovegrove

Internal Auditor

Public Participation Time

No members of the public were present at the meeting.

1. **APOLOGIES**

Apologies for their inability to attend the Meeting were received from Councillors Mrs. Patrick and Poultney.

2. **INTERIM INTERNAL AUDIT REPORTS 2011/12**

Mr. Henry Lovegrove, the Council's Internal Auditor, explained the changes to the internal audit requirements since the Town Council became defined as a 'smaller relevant body' under the Accounts and Audit Regulations 2003 as amended, and opted to elect to prepare an Annual Return in accordance with proper practices for external audit.

He reported that, due to these changes, and the financial awareness of the Town Council, the resources necessary to carry out the internal audit procedures had been significantly reduced in 2010/11, and would continue to reduce in 2011/12.

He gave a brief summary of the changes to the reporting format, and presented internal reports on the following services undertaken during October/November 2011.

- (a) Car Parks.
- (b) Sundry Debtors.
- (c) Boat Park.
- (d) TIC Miscellaneous Cash Income.
- (e) TIC Beach Bungalows.

Arising from the above, Members were pleased to note that no significant control weaknesses had been identified, and that the audit objectives had been fully or substantially met.

In accepting the Reports, the Mayor expressed his appreciation of the diligence and commitment of the Council's internal auditor in carrying out the internal audit procedures.

3. **TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2012/13 to 2014/15**

Copies of the draft Treasury Management Strategy Statement and Investment Strategy had been circulated to all Members prior to the Meeting.

The document detailed the Council's projected investment/borrowing strategy over the next 3 years, and outlined the parameters within which the Council's officers could operate with regards to the annual investment strategy over the next financial year.

Due to the uncertainty in the current financial climate, the need to review the minimum counterparty credit rating during the current financial year was highlighted. The suggested revisions had been incorporated within the draft strategy.

Detailed consideration was given to the information received from Arlingclose, the Council's treasury advisors, regarding the downgrading of some of the financial institutions (termed Systemically Important Financial Institutions). It was noted that, although these institutions would not be guaranteed to be bailed out, they were deemed to be too big to be allowed to fail. Included within the SIFIs were Lloyds TSB and Barclays. The Town Council had previously invested with Lloyds TSB and Barclays, but since the downgrading of these institutions, these counterparties fell outside of the Council's current Treasury Management and Investment Strategy. A reduction in the Council's minimum counterparty rating would enable the Council to accommodate SIFIs that were previously used as counterparties, and would assist in the continued operation of a diversified investment portfolio.

Having regard to the above, it was proposed by Councillor Pratt, seconded by Councillor Whitwam, and RESOLVED UNANIMOUSLY:-

To reduce the Council's minimum counterparty rating from A+ to A- with immediate effect.

Further consideration was then given to the draft Treasury Management Strategy Statement, during which it was noted that minor adjustments to Table 1 – Balance Sheet Summary Analysis (Page 1) and item 2.7 – Capital Financing (Page 2) would be incorporated within the final document before its adoption.

It was proposed by Councillor Pratt, seconded by Councillor Whitwam, and RESOLVED UNANIMOUSLY:-

To approve the draft Treasury Management Strategy Statement and Investment Strategy (subject to revision) for submission to the Estimates meeting on 23rd January 2012.

3. **ITEMS OF INFORMATION AND MATTERS FOR FORTHCOMING AGENDAS**

There were no matters to report at the present time.

4. **DATE OF NEXT MEETING**

It was agreed that the next meeting of the Finance and Performance Management Committee would be held on Monday, 13th February 2012 at 9.30 a.m.

The meeting concluded at 10.05 a.m.
